

VZCZCXRO5909
RR RUEHCN RUEHGH RUEHVC
DE RUEHIN #0099/01 0181010
ZNR UUUUU ZZH
R 181010Z JAN 08
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 7955
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS SECTION 01 OF 02 TAIPEI 000099

SIPDIS

SENSITIVE
SIPDIS

STATE FOR EAP/RSP/TC AND EEB
STATE PASS TO AIT/W FOR RICK RUZICKA
STATE PASS TO USTR FOR DAVID KATZ AND CHRIS WILSON
COMMERCE FOR ITA/OPB BRENDA CARTER-NIXON

E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [ECPS](#) [TW](#)
SUBJECT: Taiwan Telecom: NCC Crisis Averted?

Reftel: 2007 Taipei 2370

Summary

¶1. (SBU) On December 20, 2007--the day before the end of the Legislative Yuan (LY) session--the LY reached a compromise between KMT and DPP legislators and passed an amendment to the National Communications Commission (NCC) Organization Law. The amendment provides a legal basis for the authorities to appoint new Commissioners if the current seven Commissioners resign from office at the end of January. Encouraged by the amendments and the new, larger KMT majority in the LY, the seven current NCC Commissioners are now considering staying on until their terms expire in December ¶2008. End summary.

Background

¶2. (SBU) The National Communications Commission (NCC) is an independent body established in February 2006 to regulate the telecommunications and broadcasting industries. It is modeled after the U.S. Federal Communications Commission. Shortly after it was established, however, the future of the Commission was put in doubt as political bickering ensued over how much control the Executive Yuan (EY) would have to appoint Commissioners. As originally structured, Taiwan's main political parties nominated candidates for the 13 NCC Commissioner spots in approximate proportion to each party's respective seats in the LY, and candidates were then confirmed by a panel whose members were also chosen by the LY (reftel). As the bickering continued, four Commissioners either quit or refused to take office, and in April 2007 the EY suspended two Commissioners for alleged improprieties. There are currently only seven serving Commissioners, the minimum needed to make legally-binding decisions.

¶3. (SBU) Further complicating matters, in July 2006, Taiwan's highest court ruled that the current Commissioner-selection process was unconstitutional, since the EY has the exclusive authority under Taiwan's constitution to appoint personnel in all administrative agencies. To give the authorities time to amend the NCC Organization Law, however, the court rules the current NCC Commissioners could stay on with full powers until the end of their three-year term on December 31, 2008. The seven serving Commissioners--concerned about their ambiguous constitutional mandate--collectively decided that they would resign at the end of January 2008.

Public and Industry Pressure Spurs Compromise

¶4. (SBU) Over the next year and a half, there was little progress

on the matter. Industry grew concerned that a lame-duck NCC could halt television and radio license approvals and hamstring plans to begin or expand satellite and wireless broadcasting in Taiwan. Responding to these concerns, in December 2007, the speaker of the KMT-controlled LY, Wang Jin-pyng, arranged negotiations between the DPP and KMT, and on December 20, both sides reached a compromise for amending the NCC Organization Law. Under the compromise, the Premier would put forward nominations that the LY would then review and approve.

Size Reduced to Seven, Term Raised to Four Years

15. (SBU) Under the amended Law, which will take effect on February 1, the number of Commissioners will be reduced from 13 to seven, and Commissioners' terms in office will be extended from three years to four, though the first group of Commissioners to be chosen under the amended Law will have two-year terms. In addition, the Law stipulates that Commissioners from the same political party cannot hold more than three seats, and also allows serving Commissioners to stay in office until successor Commissioners can be nominated and approved under the aforementioned procedures.

Commissioners May Decide to Finish Terms

16. (SBU) The NCC could face a gap in operations if current Commissioners resign as planned at the end of January 2008, since the EY and LY will need at least several weeks to appoint new Commissioners after the LY returns to work on February 1--although if the new, KMT-dominated LY will not consider nominations by the expiring Chen administration, this gap could last for the entire three-month period until the new presidential administration takes office. To avoid disruptions, LY Speaker Wang asked current

TAIPEI 00000099 002 OF 002

Commissioners to stay on until new Commissioners are appointed. NCC Commissioner and Vice Chairman Howard Shyr recently told econoff that the seven current Commissioners are now considering this request.

Comment

17. (SBU) Although the debate over the selection of NCC Commissioners has been highly partisan, the current Commissioners have worked together in a relatively collegial manner. Industry, though, has been highly critical of the NCC, charging at various times that the Commission unfairly targets foreign firms and limits consumer choice by capping cable TV rates. Despite this, we see it as a success that both political parties found a way to move forward on this issue, which if unsolved would have halted or delayed spectrum allocation decisions and license approvals for importing or upgrading broadcasting equipment (reftel). We will continue to stay in close contact with current NCC Commissioners as they decide whether to resign this month as planned or stay on until end-December. End comment.